

Major Drivers:

- Assessed Value of property
- Tax Rates for each class of property
- Homestead and comstead exemptions
- Tax Increment Financing (TIF) property values
- Abated property values
- Non levy revenue

Reasons For Historical Changes

- Tax Changes
 - Fiscal 2004 & 2005 – Senate Bill 461 (Chapter 606), to adjust for increased values due to reappraisal, over a six year period: 1) phases down the tax rate for classes 3 and 4; 2) phases up the homestead and comstead exemptions for class 4 residential and commercial property; and 3) allows an additional tax rate reduction for residential dwellings with extraordinary increases in value.
 - Fiscal 2004 – Senate Bill 294 (Chapter 511) requires the state share of protested taxes on centrally assessed property after October 2000 to be deposited to the general fund.
 - Fiscal 2004 – House Bill 748 (Chapter 522) characterized certain non levy property tax revenue as oil and gas revenue and based the distribution to each county on a percentage of production, thus the state no longer receives a portion of the local government share of oil and gas revenue that had been returned to the state general fund as 95 mill non levy revenue.
 - Fiscal 2002 – House Bill 124 (Chapter 574) eliminates the portion of corporation income tax revenue that had been distributed to various taxing jurisdiction, including the 55 mill levy. Thus, general fund loses the associated non levy revenue.
 - Fiscal 2001 & 2002 – House Bill 540 (Chapter 515), as approved by the electorate in November 2000, provides for vehicle registration fees based on a flat fee determined by the age of the vehicle rather than a tax based on value.
 - Fiscal 2001 – House Bill 174 (Chapter 556) reduces the tax rate on centrally assessed electrical generation property from 12 percent to 6 percent.
 - Fiscal 2001 – House Bill 128 (Chapter 426) reduces the tax rate on centrally assessed telecommunications property from 12 percent to 6 per-

cent. It also reduces the tax rate on rural telecommunications property from 8 percent to 3 percent.

- Fiscal 2000 & 2001 – Senate Bill 260 (Chapter 180) reduces the tax rate on light vehicles. The state's share of the revenue will no longer be distributed to the statewide 40 or 6 mill levies.
- Fiscal 2000 & 2001 – Senate Bill 184 (Chapter 584) phases in the reappraisal for residential, commercial, agricultural, and timberland property; create exemptions; and lowers the class 4 tax rates.
- Fiscal 2000 & 2001 – Senate Bill 200 (Chapter 285) reduces the business equipment tax rates from 6 percent to 3 percent and establishes an exemption from class 8 property taxes for owners with business equipment valued at \$5,000 or less.
- Fiscal 1998? – Senate Bill 195 (Chapter 463) addresses the impacts of reappraisal by phasing in the increase in market values and phasing in a reduction in applicable tax rates.
- Fiscal 1997 to 1999 – Senate Bill 417 (Chapter 570) reduces the tax rate for class 8 business property from 9 percent to 6 percent, phased in over three years.
- Fiscal 1997 – Senate Bill 156 (Chapter 308) requires the county commissioners in counties where colleges of technology reside to levy 1.5 mill for deposit in the state general fund.
- Fiscal 1997 – Senate Bill 138 (Chapter 485) revised the method by which land underlying homesteads are valued for property tax purposes, thus reducing property taxes.
- Fiscal 1997? – House Bill 497 (Chapter 574) expanded property tax relief for low income property owners and reimburses residential property owners whose residences increased in value by 15 percent or more during the 1993 reappraisal.
- Fiscal 1996 – Senate Bill 412 (Chapter 451) consolidates tax rates on oil and gas production and accelerates revenue collections resulting in a one-time revenue increase in fiscal 1996.
- Fiscal 1996 – Senate Bill 83 (Chapter 509) de-earmarked all revenues sources that had been deposited to the state equalization account, including revenue from county equalization levy and statewide levy, and deposited the revenue in the general fund.
- Fiscal 1993 – House Bill 62 (Chapter 6) of the

July 1992 special session requires counties to deposit revenue from the 55 mill levy along with any ending fund balance in their county equalization accounts at the end of fiscal 1993 to the state equalization account.

- Fiscal 1990 & 1991 – House Bill 28 (Chapter 11) in the June 1989 special session increases the county equalization levy from 45 mills to 55 mills. In addition, the legislation levied a new 40 mill statewide levy on all property in the state the revenue from which is deposited to the state equalization account, eliminates the 10 mill permissive levy, and reduces the property tax base by taxing natural resources on a flat tax basis.

For a complete listing of Historical Changes contact the Legislative Fiscal Division.

Legislative Fiscal Division



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LEGISLATIVE FISCAL DIVISION



Taxes in Brief...

Property Tax

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Fiscal Pocket Guide



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Property Tax

Revenue Description:

Montana law requires counties to levy a county equalization levy of 55 mills, a state equalization levy of 40 mills and 6 mills for the university system against all taxable value in each county. A mill levy of 1.5 mills is also applied against all property in the five counties with a vote college. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. The assessed value of residential and commercial real estate is the market value phased in over the reappraisal cycle. Agricultural land and timberland are valued on a productivity basis and their values are also phased in over the reappraisal cycle. Beginning January 1, 2003, livestock is no longer taxed.

Beginning January 1, 2003, residential and commercial property as well as agricultural land and timberland reflect the impact of a new reappraisal on market values. The current reappraisal cycle is 6 years, during which increases in property values will be phased in by 1/6th per

year. Property that declines in value will be assessed immediately at its new reappraised value. The impact of reappraisal on assessed values increased the market value of the average residence by 20.2 percent. The equivalent increases for commercial property were 18.5 percent and for agricultural land by 15.3 percent.

The 2003 legislature passed a reappraisal mitigation bill - SB 461. Beginning in tax year 2003, reappraisal values were phased in over the next six years.

In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the state share of coal gross proceeds taxes, federal forest revenues, and other smaller revenue sources.

This source also includes the state's share of protested taxes paid by centrally assessed companies. Should the state fail in its defense of the taxation of these companies, the protested taxes must be returned to the taxpayer.

Homeowners whose homesteads have increased above certain thresholds and whose income falls below certain levels will face lower tax rates.

Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A 1990	126.712694	112.374543	Not App.
A 1991	189.521535	176.154583	56.76%
A 1992	220.701871	206.138029	17.02%
A 1993	222.586137	207.646372	0.73%
A 1994	216.573123	202.381945	-2.54%
A 1995	220.061932	205.842671	1.71%
A 1996	219.414114	204.082588	-0.86%
A 1997	224.001989	209.284365	2.55%
A 1998	217.052630	202.350380	-3.31%
A 1999	217.608896	202.774979	0.21%
A 2000	207.385296	194.196158	-4.23%
A 2001	193.887863	180.050247	-7.28%
A 2002	181.637599	169.339388	-5.95%
A 2003	183.690786	171.679862	1.38%
A 2004	180.905286	169.530994	-1.25%
F 2005	180.755000	170.051000	0.31%
F 2006	186.806000	175.823000	3.39%
F 2007	193.941000	182.663000	3.89%

